

Registration number: 02027459

Michael I Holdsworth Limited

Annual Report and Financial Statements

for the Year Ended 28 February 2021



Michael I Holdsworth Limited

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Michael I Holdsworth Limited

Company Information

Directors	J A Marriott
	R J C Warhurst
	R M E Holdsworth
	E V Trevethick
Company secretary	E V Trevethick
Registered office	The Mill
	Manchester Road
	Tideswell
	Derbyshire
Auditors	SK17 8LN
	Hawsons Chartered Accountants
	Statutory Auditor
	Pegasus House
	463a Glossop Road
	Sheffield
	S10 2QD

Michael I Holdsworth Limited

Strategic Report for the Year Ended 28 February 2021

The directors present their strategic report for the year ended 28 February 2021.

Managing Director's statement

The COVID-19 pandemic presented the most challenging year in the history of the business. The public health emergency and disruption to usual activities has impacted so many lives. We continued to serve a small number of customers during this time, so the safety of our colleagues in the workplace has been a priority. We implemented COVID-secure safety measures across all sites and continued our communication with staff so they were kept informed of the company's activities. I thank all our employees for their dedication and support during this time.

Every industry has been impacted by the pandemic, but the hospitality sector has been particularly badly affected and this resulted in a 55% decline in our turnover. Holdsworth incurred significant financial losses over the last year but I am proud that despite the challenges, the business has been able to adapt and support our employees, customers, suppliers and communities which are detailed in the sections below.

As we look to the future, recovery will depend on the speed and success of the easing of lockdown restrictions, and consumer confidence in returning to hospitality. However, all our depots and fleet are fully operational and we are well placed to serve our customers as they return to service.

Fair review of the business

The results for the year are set out in the financial statements.

The company is now in its 52nd year of trading and is one of the UK's largest independent wholesale distributors of frozen, ambient, chilled foods and fresh meats to the hospitality industry, with 10 depots around the UK.

The directors believe that integrity is fundamental for successful relationships, both internally and externally. Reputation, confidence and trust are what have contributed to the long-term success of the business and it is at the forefront of the decision making process.

Our quality and legislative compliance is achieved by implementing new industry legislation as advised through our trade memberships including the British Frozen Food Federation, Freight Transport Association and the Cold Chain Federation. We maintain our accreditations, using internal and third party audit processes to ISO:9001, BRCGS Storage and Distribution and Soil Association Organic Wholesaler standards.

During this financial year our overall performance has been severely impacted by the COVID-19 pandemic. Sales decreased by 55% and our gross profit decreased by 54%.

Our overhead expenditure decreased by 18% this year, due mainly to reduced expenditure on printing, advertising, gifts, entertainment, subcontracts, travel, rent and repairs and renewals.

The directors believe the annual report and financial statements, taken as a whole, to be fair, balanced and understandable and provides the information necessary for the shareholders to assess the group's performance, business model and strategies.

Michael I Holdsworth Limited

Strategic Report for the Year Ended 28 February 2021 (continued)

Principal risks and uncertainties

The COVID-19 crisis continues to pose an unprecedented threat to the hospitality industry and its supply chain.

The continuity of food supplies is paramount to our business and due to our broad supplier base we are able to mitigate some risk by not relying too heavily on a small number of suppliers. Buoyancy within the hospitality sector is also crucial to our business, and we have little control over this, as proven during the course of the pandemic. Government support would be the main way to mitigate this risk.

The threat from competitors is mitigated by active key account management, monitoring product pricing and maintaining quality and service delivery.

Post-Brexit threats include potential increases in the cost of goods. However, global inflation post-pandemic is also likely to cause a similar risk. Our procurement department maintains strong supplier relationships and closely reviews supplier contracts in order to maintain pricing stability where possible.

Future developments

Our short term strategy includes the assessment of our non-financial indicators, Health and Safety policies, risk assessments, IT requirements, employee appraisals and our customer needs.

Our medium term strategy is to continue to manage the continuity of business throughout our organisation whilst we further develop our existing sites and improve facilities, both operationally and for our staff.

Our long term strategy is to continue to expand our business from our existing sites, together with seeking out new opportunities.

Stakeholder engagement

As a Board, we have a legal responsibility under section 172 of the Companies Act 2006 to act in the way we consider, in good faith, would be most likely to promote the company's success for the benefit of its members as a whole, and to have regard to the long-term effect of our decisions on the company and its stakeholders. This statement looks at how we outwork this responsibility.

Key objective

Our objective is continued business growth to provide sustainable reward for our shareholders and staff whilst continuing to meet our customers product, service delivery and price requirements.

Our key stakeholders, and the ways in which we engage with them, are as follows:

Our customers and suppliers

With over 4,500 product lines, we are able to supply a wide range of sectors in the hospitality industry. The relationships we build with customers have allowed us to establish a great deal of loyalty with some continuing for 20 years. During the pandemic, we have donated stock and assisted in delivering donated goods to schools on behalf of other organisations. We are proud to have been a supplier to the European Aviation Group who were engaged in flights to the Far East to bring back PPE for the NHS.

Our supplier relationships are hugely important. Building long-lasting supplier relationships to ensure consistency in product quality and supply is of utmost importance in our industry. We endeavour to develop long-lasting supplier partnerships and have worked with each of the top 10 suppliers for at least 10 years. We agree terms of payment with suppliers when contracting for their products and/or services. The average time taken to pay invoices at the end of the period was 41 days (2020: 41days) and invoices due, but not paid within agreed terms, was 11% (2020: 21%).

Michael I Holdsworth Limited

Strategic Report for the Year Ended 28 February 2021 (continued)

Our staff and communities

Many of our staff have worked with us since the business was in its early days. We recognise the responsibility this places on us, and being a family-owned business with members of the Holdsworth family working within the company, we have developed a strong sense of commitment to our employees and strive to be a supportive and flexible employer. Our staff is kept informed of the company's activities by way of a quarterly Newsletter. We have supported our employees throughout the pandemic by supplementing the support from the government's job retention furlough scheme so that all employees received full pay throughout.

We support the local and wider communities by way of financial and product donations, both for registered charities and also for community associations located near our depots. Over the last year we have donated many products to organisations that provided food packages for the disadvantaged.

Our environment

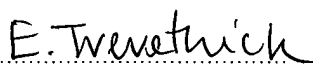
Holdsworth became fully ESOS compliant in 2015 and we were re-assessed in 2019. 2020 saw us begin SECR (Streamlined Energy & Carbon Reporting), providing a benchmark for carbon emission reduction targets in subsequent years. Please see the Directors' Report for further information.

Green electricity is produced at our head office by way of a photovoltaic system.

Our Derbyshire head office depot is 'zero waste to landfill'. At each of our sites we ensure levels of waste are minimised and waste created is disposed of in an environmentally friendly manner. All tertiary and secondary packaging waste is separated, baled and collected by accredited re-processors.

We source and supply many products which meet sustainable standards, enabling customers to meet their own sustainable procurement & product targets. Holdsworth carries Soil Association Accreditation as wholesalers of Organic Certified products, together with carrying product lines which are certified to various sustainable standards including, but not limited to: Free Range, Farm Assured, MCS/MSC and Fairtrade.

Approved by the Board on 14/7/21 and signed on its behalf by:



E V Trevethick
Director

Michael I Holdsworth Limited

Directors' Report for the Year Ended 28 February 2021

The directors present their report and the audited financial statements for the year ended 28 February 2021.

Directors of the company

The directors who held office during the year were as follows:

J A Marriott

R J C Warhurst

R M E Holdsworth

E V Trevethick

Principal activity

Michael I Holdsworth Limited is one of the UK's largest independent wholesale distributors of frozen, ambient, chilled foods and fresh meats to the hospitality industry. Our objective is continued business growth to provide sustainable reward for our shareholders and staff whilst continuing to meet our customers product, service delivery and price requirements.

Dividends

Dividends paid during the year amounted to £21,876 (2020 - £1,054,000).

Employment of disabled persons

The company is an equal opportunity employer. The aim of our policy is to ensure that no job applicant or employee receives less favourable treatment on the grounds of age, gender, colour, race, religion, nationality or ethnic origin, or is disadvantaged by conditions or requirements that are not essential for the carrying out of the specified job.

To ensure that such direct or indirect discrimination is not occurring, recruitment and other employment decisions will be monitored. Selection criteria and procedures will also be reviewed to ensure that they are not adversely and unjustifiably affecting the opportunities of persons from a particular racial group, and that in recruitment, all candidates are considered solely on the basis of their relevant merits and abilities.

All employees will be given equal opportunity and encouraged to progress within the organisation. It is the duty of all employees to accept their personal responsibility in the implementation of the policy. At the same time, the company acknowledges that specific responsibilities fall upon management, supervisors and individuals professionally involved in recruitment and employee administration.

Full and fair consideration (having regard to the person's particular aptitudes and abilities) is given to applications for employment and the career development of disabled persons. Training and development policies make it clear that all steps practicable will be taken to ensure that employees who become disabled during the time they are employed by Holdsworth are able to continue to perform their duties.

Employee involvement

Holdsworth has developed a strong sense of commitment to our employees and strive to be a supportive and flexible employer. It is our policy to encourage and develop all members of staff to realise their maximum potential. Wherever possible, vacancies are filled from within the company and adequate opportunities for internal promotion are created. We are committed to identifying the opportunities for employees to maintain and improve their performance and to develop their potential to a maximum level of attainment. In this way, staff will make their best possible contribution to the organisation's continued success.

Michael I Holdsworth Limited

Directors' Report for the Year Ended 28 February 2021 (continued)

Environmental policies

Holdsworth are committed to our aims of minimising our environmental impact and operating our business in a sustainable manner. We have undertaken to make every employee of the company understand and implement the aspects of our Environmental Policy in their day to day work, through regular communication of our aims and achievements. More details of our Environmental Policy can be seen in the Strategic Report.

Streamlined Energy and Carbon Reporting

Under changes introduced by the Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018, large unquoted companies are now obliged to report their UK energy use and associated greenhouse gas ('GHG') emissions in their annual reports.

As this is the first year of the SECR scheme, the data covers one financial year. In subsequent years, the directors will report on both the current and the previous year.

Aspect	2021	
	Energy (kWh)	CO2e (tonnes)
Scope 1 Emissions		
Company vehicles, grey fleet, natural gas & propane	8,347,690	1,997.4
Scope 2 Emissions		
Purchased electricity	5,162,075	1,203.5
Scope 3 Emissions		
Optional - not covered	-	-
Totals	13,509,765	3,200.9

Intensity Metric

Metric	2021	2020
kg of total CO2e per £1,000 of turnover	69	-

The data for this SECR report has been compiled using the same methodology used for ESOS with carbon emissions being calculated using the Government Guidelines for GHG Reporting.

The company's energy use and emissions reported relate to premises, company vehicles and grey fleet. Scope 3 emissions are not currently measured by the company.

In December 2019 the company fully complied with the requirements of the Energy Savings Opportunity Scheme Regulations 2014 (ESOS) using the energy audit route.

Renewable electricity is produced at the Derbyshire HQ by way of a photovoltaic system. We are committed to increase the amount of renewable electricity generated and will be installing a photovoltaic system at our new Bedford site which is due for completion in June 2021. Existing warehouse lighting has been replaced with high efficiency LED lighting at each of our 10 UK sites.

With transport being a significant part of our carbon emissions, we practice responsible transport use, ensuring vehicles are fully maintained, routed to reduce mileage and staff trained to drive in a manner that reduces emissions.

Michael I Holdsworth Limited

Directors' Report for the Year Ended 28 February 2021 (continued)

Directors' liabilities

The company has made qualifying third party indemnity provisions for the benefits of its directors which were made during the year and remain in force at the date of this report.

Disclosure of information to the auditors

The directors of the company who held office at the date of the approval of this Annual Report as set out above confirm that:

- so far as they are aware, there is no relevant audit information (information needed by the company's auditors in connection with preparing their report) of which the company's auditors are unaware, and
- they have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Reappointment of auditors

The auditors, Hawsons Chartered Accountants, are deemed to be reappointed under section 487(2) of the Companies Act 2006.

Approved by the Board on 14/7/21 and signed on its behalf by:

E. Trevethick

E V Trevethick
Director

Michael I Holdsworth Limited

Statement of Directors' Responsibilities

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Michael I Holdsworth Limited

Independent Auditor's Report to the Members of Michael I Holdsworth Limited

Opinion

We have audited the financial statements of Michael I Holdsworth Limited (the 'company') for the year ended 28 February 2021, which comprise the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity and the notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 28 February 2021 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Michael I Holdsworth Limited

Independent Auditor's Report to the Members of Michael I Holdsworth Limited (continued)

Opinion on other matter prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and Directors' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of our knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report and the Directors' Report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the Statement of Directors' Responsibilities set out on page 8, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

Michael I Holdsworth Limited

Independent Auditor's Report to the Members of Michael I Holdsworth Limited (continued)

The company is subject to laws and regulations that directly and indirectly affect the financial statements. Based on our understanding of the company and the environment it operates within, we determined that the laws and regulations which were most significant included FRS 102, Companies Act 2006 and Health and Safety regulations. We considered the extent to which non-compliance with these laws and regulations might have a material effect on the financial statements, including how fraud might occur. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to the posting of inappropriate journal entries to improve the company's result for the period and management bias in key accounting estimates.

Audit procedures performed by the engagement team included:

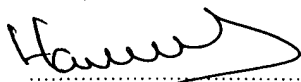
- Discussions with management and those responsible for legal compliance procedures within the company to obtain an understanding of the legal and regulatory framework applicable to the company and how the company complies with that framework, including consideration of known or suspected instances of non-compliance with laws and regulations and fraud;
- Reviewing minutes of Board meetings;
- Identifying and assessing the design effectiveness of controls that management has in place to prevent and detect fraud and non-compliance with laws and regulations;
- Challenging assumptions and judgements made by management in their significant accounting estimates;
- Identifying and testing journal entries, in particular any journal entries posted with unusual account combinations or posted by senior management.

There are inherent limitations in the audit procedures described above and the more removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

A further description of our responsibilities is available on the Financial Reporting Council's website at: www.frc.org.uk. This description forms part of our auditor's report.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Christopher Hill (Senior Statutory Auditor)

For and on behalf of Hawsons Chartered Accountants, Statutory Auditor

Pegasus House
463a Glossop Road
Sheffield
S10 2QD

Date: 16th July 2021

Michael I Holdsworth Limited

Statement of Comprehensive Income for the Year Ended 28 February 2021

	Note	2021 £	2020 £
Turnover	2	46,337,179	104,389,080
Cost of sales		<u>(33,888,946)</u>	<u>(77,265,010)</u>
Gross profit		12,448,233	27,124,070
Distribution costs		(14,846,202)	(18,698,080)
Administrative expenses		(4,213,886)	(4,576,894)
Other operating income	3	<u>3,308,226</u>	<u>207,979</u>
Operating (loss)/profit	4	(3,303,629)	4,057,075
Income from other fixed asset investments		19,676	1,824
Other interest receivable and similar income	8	4,507	66,194
Interest payable and similar charges	9	<u>(29,455)</u>	<u>(32,322)</u>
(Loss)/profit before tax		(3,308,901)	4,092,771
Taxation	10	<u>551,017</u>	<u>(779,040)</u>
(Loss)/profit for the financial year		<u>(2,757,884)</u>	<u>3,313,731</u>
Total comprehensive income for the year		<u><u>(2,757,884)</u></u>	<u><u>3,313,731</u></u>

The above results were derived from continuing operations.

Michael I Holdsworth Limited

(Registration number: 02027459)

Balance Sheet as at 28 February 2021

	Note	2021 £	2020 £
Fixed assets			
Intangible assets	11	109,300	217,534
Tangible assets	12	2,789,237	3,380,070
Investments	13	49,500	29,824
		<u>2,948,037</u>	<u>3,627,428</u>
Current assets			
Stocks	14	3,983,553	6,853,119
Debtors	15	4,388,917	8,842,943
Cash at bank and in hand		6,804,666	8,535,969
		<u>15,177,136</u>	<u>24,232,031</u>
Creditors: Amounts falling due within one year	16	<u>(3,430,080)</u>	<u>(9,781,458)</u>
Net current assets		<u>11,747,056</u>	<u>14,450,573</u>
Total assets less current liabilities		14,695,093	18,078,001
Creditors: Amounts falling due after more than one year	16	<u>(179,744)</u>	<u>(782,892)</u>
Net assets		<u>14,515,349</u>	<u>17,295,109</u>
Capital and reserves			
Called up share capital	21	25,035	25,035
Profit and loss account		<u>14,490,314</u>	<u>17,270,074</u>
Shareholders' funds		<u>14,515,349</u>	<u>17,295,109</u>

These financial statements were approved and authorised for issue by the Board on 14/7/21 and signed on its behalf by:



J A Marriott

Director

Michael I Holdsworth Limited

Statement of Changes in Equity for the Year Ended 28 February 2021

	Share capital £	Profit and loss account £	Total £
At 1 March 2020	25,035	17,270,074	17,295,109
Loss for the year	-	(2,757,884)	(2,757,884)
Total comprehensive income	-	(2,757,884)	(2,757,884)
Dividends	-	(21,876)	(21,876)
At 28 February 2021	25,035	14,490,314	14,515,349

	Share capital £	Profit and loss account £	Total £
At 1 March 2019	25,035	15,010,343	15,035,378
Profit for the year	-	3,313,731	3,313,731
Total comprehensive income	-	3,313,731	3,313,731
Dividends	-	(1,054,000)	(1,054,000)
At 29 February 2020	25,035	17,270,074	17,295,109

The notes on pages 15 to 27 form an integral part of these financial statements.

Michael I Holdsworth Limited

Notes to the Financial Statements for the Year Ended 28 February 2021

1 Accounting policies

Statutory information

Michael I Holdsworth Limited is a private company, limited by shares, domiciled in England and Wales, company number 02027459. The registered office is at The Mill, Manchester Road, Tideswell, SK17 8LN.

Summary of significant accounting policies and key accounting estimates

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Statement of compliance

These financial statements were prepared in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

Basis of preparation

These financial statements have been prepared using the historical cost convention except that as disclosed in the accounting policies certain items are shown at fair value. The presentation currency is United Kingdom pounds sterling, which is the functional currency of the company. The financial statements are those of an individual entity.

Summary of disclosure exemptions

The company is a qualifying entity for the purposes of FRS102 and has therefore taken advantage of the disclosure exemptions available in FRS102 in relation to the preparation of a cash flow statement and disclosure of intra group transactions.

Going concern

After due consideration of all relevant factors, including the impact of the COVID-19 pandemic on the business, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and accounts.

Revenue recognition

Turnover comprises the fair value of the consideration received or receivable for the sale of goods and provision of services in the ordinary course of the company's activities. Turnover is shown net of sales/value added tax, returns, rebates and discounts and after eliminating sales within the company.

Tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except that a change attributable to an item of income or expense recognised as other comprehensive income is also recognised directly in other comprehensive income.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date.

Michael I Holdsworth Limited

Notes to the Financial Statements for the Year Ended 28 February 2021 (continued)

1 Accounting policies (continued)

Deferred tax shall be recognised in respect of all timing differences at the reporting date, except as otherwise required by FRS102. Timing differences are differences between taxable profits and total comprehensive income as stated in the financial statements that arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements. Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date. Unrelieved tax losses and other deferred tax assets shall be recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Tangible assets

Tangible fixed assets are stated in the balance sheet at cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses. The cost of tangible fixed assets includes directly attributable incremental costs incurred in their acquisition and installation.

Depreciation

Depreciation is charged so as to write off the cost of assets, less any estimated residual value, over their estimated useful lives, as follows:

Asset class	Depreciation method and rate
Land and buildings	Over the lease term
Plant and machinery	Over 4 to 15 years
Motor vehicles	Over 4 to 5 years

Goodwill

Positive goodwill is capitalised, classified as an asset on the balance sheet and amortised on a straight line basis over its useful economic life. It is reviewed for impairment at the end of the first full financial year following the acquisition and in other periods if events or changes in circumstances indicate that the carrying value may not be recoverable.

Amortisation

Amortisation is provided on intangible assets so as to write off the cost, less any estimated residual value, over their useful life as follows:

Asset class	Amortisation method and rate
Goodwill	Over 5 to 20 years

Stocks

Stock is valued at the lower of cost and net realisable value, after due regard for obsolete and slow moving stocks. Cost is determined on a first in first out basis. Net realisable value is based on selling price less anticipated costs to completion and selling costs.

Defined contribution pension obligation

Contributions to defined contribution plans are recognised as employee benefit expense when they are due. If contribution payments exceed the contribution due for service, the excess is recognised as a prepayment.

Michael I Holdsworth Limited

Notes to the Financial Statements for the Year Ended 28 February 2021 (continued)

1 Accounting policies (continued)

Leases

Leases in which substantially all the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to profit or loss on a straight-line basis over the period of the lease.

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee.

Assets held under finance leases are recognised at the lower of their fair value at inception of the lease and the present value of the minimum lease payments. These assets are depreciated on a straight-line basis over the shorter of the useful life of the asset and the lease term. The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation.

Lease payments are apportioned between finance costs in the profit and loss account and reduction of the lease obligation so as to achieve a constant periodic rate of interest on the remaining balance of the liability.

Financial instruments

Financial instruments are classified and accounted for, according to the substance of the contractual arrangement, as financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities. Where shares are issued any component that creates a financial liability of the company is presented as a liability in the balance sheet. The corresponding dividends relating to the liability component are charged as interest expense in the profit and loss account.

Judgements in applying accounting policies and key sources of estimation uncertainty

In preparing the financial statements, the directors are required to make certain judgements and assumptions based upon parameters available at the time the financial statements are prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances beyond the control of the company and its directors. Such changes are reflected in the assumptions when they occur.

Judgements that management has made in the process of applying the accounting policies that have the most significant effect on the amounts recognised in the financial statements, and key assumptions concerning the future, and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are as follows:

The annual depreciation charge for tangible assets is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are re-assessed annually. They are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and the physical condition of the assets. See note 12 for the carrying amount of the tangible assets.

The annual amortisation charge for goodwill is sensitive to changes in the estimated useful economic lives of the goodwill assets. The useful economic lives are re-assessed annually and are amended when necessary to reflect current estimates and future performance of the depots concerned. See note 11 for the carrying amount of the goodwill.

The company makes an estimate of the recoverable value of trade debtors. When assessing impairment of trade debtors, management considers factors including the current credit rating of the debtor, the ageing profile of debtors and historical experience. See note 15 for the net carrying amount of trade debtors and associated impairment provision.

Michael I Holdsworth Limited

Notes to the Financial Statements for the Year Ended 28 February 2021 (continued)

2 Turnover

The total turnover of the company for the year has been derived from its principal activity wholly undertaken in the United Kingdom.

3 Other operating income

The analysis of the company's other operating income for the year is as follows:

	2021 £	2020 £
Government grants	3,125,834	-
Other income	182,392	207,979
	<u>3,308,226</u>	<u>207,979</u>

4 Operating loss

Operating (loss)/profit is stated after charging:

	2021 £	2020 £
Profit on disposal of tangible fixed assets	(36,004)	(9,992)
Depreciation of owned assets	582,953	1,066,372
Depreciation of assets held under hire purchase contracts	605,100	510,521
Amortisation	108,234	128,866
	<u>1,260,283</u>	<u>1,705,767</u>

5 Auditors' remuneration

	2021 £	2020 £
Audit of the financial statements	<u>16,900</u>	<u>16,900</u>
Other fees payable to auditors		
Tax services	2,775	2,800
Other services	<u>2,620</u>	<u>2,816</u>
	<u>5,395</u>	<u>5,616</u>

Michael I Holdsworth Limited

Notes to the Financial Statements for the Year Ended 28 February 2021 (continued)

6 Staff costs

The aggregate payroll costs (including directors' remuneration) were as follows:

	2021 £	2020 £
Wages and salaries	10,005,685	11,699,611
Social security costs	933,978	1,106,745
Pension costs, defined contribution scheme	384,199	429,912
	<u>11,323,862</u>	<u>13,236,268</u>

The average number of persons employed by the company (including directors) during the year, analysed by category was as follows:

	2021 No.	2020 No.
Administration	37	37
Distribution and selling	358	395
	<u>395</u>	<u>432</u>

7 Directors' remuneration

The directors' remuneration for the year was as follows:

	2021 £	2020 £
Remuneration (including benefits in kind)	<u>10,511</u>	<u>10,421</u>

Michael I Holdsworth Limited

Notes to the Financial Statements for the Year Ended 28 February 2021 (continued)

8 Other interest receivable and similar income

	2021	2020
	£	£
Bank interest receivable	3,065	64,963
Other finance income	1,442	1,231
	<u>4,507</u>	<u>66,194</u>

9 Interest payable and similar charges

	2021	2020
	£	£
Hire purchase interest	<u>29,455</u>	<u>32,322</u>

10 Income tax

Tax charged/(credited) in the income statement

	2021	2020
	£	£
Current taxation		
UK corporation tax	(676,017)	744,040
Deferred taxation		
Arising from origination and reversal of timing differences	<u>125,000</u>	<u>35,000</u>
	<u>(551,017)</u>	<u>779,040</u>

The tax on the loss before tax for the year is higher than the standard rate of corporation tax in the UK (2020 - higher than the standard rate of corporation tax in the UK) of 19% (2020 - 19%).

The differences are reconciled below:

	2021	2020
	£	£
(Loss)/profit before tax	<u>(3,308,901)</u>	<u>4,092,771</u>
Corporation tax at standard rate	(628,691)	777,626
Expenses not deductible in determining taxable profit	29,605	22,659
Deferred tax expenses relating to changes in tax rates	-	(21,245)
Losses group relieved for nil consideration	47,373	-
Other tax effects	<u>696</u>	<u>-</u>
Total tax (credit)/charge	<u>(551,017)</u>	<u>779,040</u>

Michael I Holdsworth Limited

Notes to the Financial Statements for the Year Ended 28 February 2021 (continued)

10 Income tax (continued)

Deferred tax

Deferred tax assets and liabilities

	Asset £
2021	
Difference between capital allowances and depreciation	25,000
Unpaid pension contributions	15,000
	<u>40,000</u>
2020	
Difference between capital allowances and depreciation	150,000
Unpaid pension contributions	15,000
	<u>165,000</u>

11 Intangible assets

	Goodwill £
Cost or valuation	
At 1 March 2020 and 28 February 2021	2,049,632
Amortisation	
At 1 March 2020	1,832,098
Amortisation charge	108,234
At 28 February 2021	<u>1,940,332</u>
Carrying amount	
At 28 February 2021	<u>109,300</u>
At 29 February 2020	<u>217,534</u>

Michael I Holdsworth Limited

Notes to the Financial Statements for the Year Ended 28 February 2021 (continued)

12 Tangible assets

	Land and buildings £	Plant and machinery £	Motor vehicles £	Total £
Cost or valuation				
At 1 March 2020	204,256	3,116,646	6,868,004	10,188,906
Additions	4,965	614,439	195	619,599
Disposals	(7,830)	(69,803)	(377,467)	(455,100)
At 28 February 2021	<u>201,391</u>	<u>3,661,282</u>	<u>6,490,732</u>	<u>10,353,405</u>
Depreciation				
At 1 March 2020	95,755	2,656,869	4,056,212	6,808,836
Charge for the year	6,530	167,677	1,013,846	1,188,053
Eliminated on disposal	(3,393)	(64,914)	(364,414)	(432,721)
At 28 February 2021	<u>98,892</u>	<u>2,759,632</u>	<u>4,705,644</u>	<u>7,564,168</u>
Net book value				
At 28 February 2021	<u>102,499</u>	<u>901,650</u>	<u>1,785,088</u>	<u>2,789,237</u>
At 29 February 2020	<u>108,501</u>	<u>459,777</u>	<u>2,811,792</u>	<u>3,380,070</u>

Leased assets

Included within the net book value of tangible fixed assets is £1,463,596 (2020 - £2,068,696) in respect of assets held under finance leases and similar hire purchase contracts. Depreciation for the year on these assets was £605,100 (2020 - £510,521).

Michael I Holdsworth Limited

Notes to the Financial Statements for the Year Ended 28 February 2021 (continued)

13 Investments held as fixed assets

Other investments

	Unlisted investments £
Cost	
At 1 March 2020	29,824
Revaluation	19,676
At 28 February 2021	49,500
Net book value	
At 28 February 2021	49,500
At 29 February 2020	29,824

14 Stocks

	2021 £	2020 £
Stocks of fuel	43,321	41,516
Frozen and dry goods for resale	3,940,232	6,811,603
	3,983,553	6,853,119

15 Debtors

	2021 £	2020 £
Trade debtors	1,650,298	7,500,428
Amounts owed by group undertakings	267,802	267,188
Other debtors	383,103	130,621
Prepayments	1,371,697	779,706
Deferred tax assets	40,000	165,000
Corporation tax	676,017	-
	4,388,917	8,842,943

Michael I Holdsworth Limited

Notes to the Financial Statements for the Year Ended 28 February 2021 (continued)

16 Creditors

	2021 £	2020 £
Due within one year		
Obligations under finance lease and hire purchase contracts	603,147	828,221
Trade creditors	1,818,691	7,326,711
Social security and other taxes	236,830	332,002
Other payables	120,665	268,524
Accrued expenses	650,747	711,960
Corporation tax	-	314,040
	<u>3,430,080</u>	<u>9,781,458</u>
Due after one year		
Obligations under finance lease and hire purchase contracts	<u>179,744</u>	<u>782,892</u>

17 Loans and borrowings

	2021 £	2020 £
Current loans and borrowings		
Obligations under finance lease and hire purchase contracts	<u>603,147</u>	<u>828,221</u>
	2021 £	2020 £
Non-current loans and borrowings		
Obligations under finance lease and hire purchase contracts	<u>179,744</u>	<u>782,892</u>

Obligations under finance lease and hire purchase contracts are secured on the assets concerned.

Michael I Holdsworth Limited

Notes to the Financial Statements for the Year Ended 28 February 2021 (continued)

18 Obligations under leases and hire purchase contracts

Finance leases

The finance leases primarily relate to the commercial vehicle fleet.

The total of future minimum lease payments is as follows:

	2021 £	2020 £
Not later than one year	624,932	857,676
Later than one year and not later than five years	186,126	811,058
	<u>811,058</u>	<u>1,668,734</u>

Operating leases

The total of future minimum lease payments is as follows:

	2021 £	2020 £
Not later than one year	599,672	643,268
Later than one year and not later than five years	2,061,146	916,230
Later than five years	5,375,036	136,924
	<u>8,035,854</u>	<u>1,696,422</u>

The amount of non-cancellable operating lease payments recognised as an expense during the year was £1,108,148 (2020 - £1,371,326).

19 Pension and other schemes

Defined contribution pension scheme

The company operates a defined contribution pension scheme. The pension cost charge for the year represents contributions payable by the company to the scheme and amounted to £384,199 (2020 - £429,912).

Contributions totalling £77,808 (2020 - £77,322) were payable to the scheme at the end of the year and are included in creditors.

20 Commitments

Capital commitments

As at the balance sheet date, the company has capital commitments for leasehold improvements.

The total amount contracted for but not provided in the financial statements was £492,293 (2020 - £Nil).

Michael I Holdsworth Limited

Notes to the Financial Statements for the Year Ended 28 February 2021 (continued)

21 Share capital

Allotted, called up and fully paid shares

		2021		2020
	No.	£	No.	£
Ordinary shares of £1 each	25,000	25,000	25,000	25,000
Deferred shares of £0.01 each	3,500	35	3,500	35
	<u>28,500</u>	<u>25,035</u>	<u>28,500</u>	<u>25,035</u>

The ordinary shares carry no restrictions on the distribution of dividends and the repayment of capital.

The deferred shares carry no voting rights. The holders of such shares are entitled to participate in dividends declared on that class of shares and are entitled to a return of capital of 1p per share in the event of a distribution on the winding up of the company.

22 Dividends

	2021	2020
	£	£
Dividends paid		
Ordinary interim dividends paid	-	1,031,250
Deferred dividends paid	<u>21,876</u>	<u>22,750</u>
	<u>21,876</u>	<u>1,054,000</u>

23 Related party transactions

Summary of transactions with other related parties

The company leases certain of its premises from other related parties.

The company operates a loan account with certain other related parties.

Expenditure with and payables to related parties

	Other related parties
	£
2021	
Leases	<u>144,612</u>
2020	
Leases	<u>174,612</u>

Michael I Holdsworth Limited

Notes to the Financial Statements for the Year Ended 28 February 2021 (continued)

23 Related party transactions (continued)

Loans from related parties

	Other related parties £
2021	
At start of period	139,310
Advanced	3,045
Repaid	<u>(142,261)</u>
At end of period	<u>94</u>
	Other related parties £
2020	
At start of period	73,702
Advanced	558,451
Repaid	<u>(492,843)</u>
At end of period	<u>139,310</u>

The company has taken advantage of the exemption in FRS102 from disclosing transactions with other members of the group.

24 Control

The company's immediate and ultimate parent is Holdsworth Holdings Limited, incorporated in England and Wales.

The most senior parent entity producing publicly available consolidated financial statements is Holdsworth Holdings Limited. These financial statements are available from Companies House.

The ultimate controlling party is Mr M I Holdsworth and members of his close family.